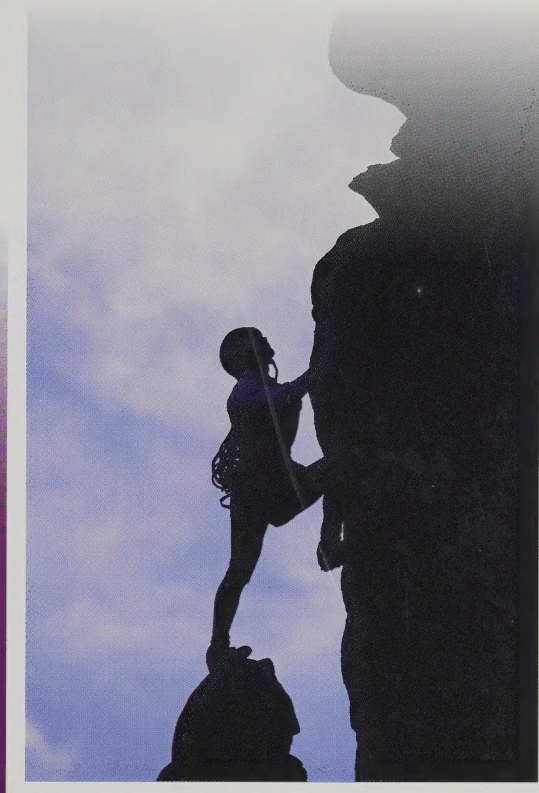




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Beyond Borders

CANADIAN
BUSINESSWOMEN
IN INTERNATIONAL TRADE



ROYAL BANK
OF CANADA

Canada

This summary report, prepared by Ruth Rayman, B. Eng., M.B.A. (Rayman & Associates), is based on the complete research report authored by Dr. Barbara Orser (Equinox Management Consultants Ltd.) and research team members Dr. Eileen Fischer (York University), Dr. Rebecca Reuber (University of Toronto), Ms. Sue Hooper (The Asia Pacific Foundation of Canada) and Dr. Allan Riding (Carleton University).

The complete report is available on the Internet at the website:
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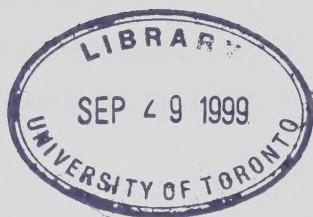
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*Beyond Borders
Canadian Businesswomen in International Trade*

Beyond Borders

**CANADIAN
BUSINESSWOMEN
IN INTERNATIONAL TRADE**







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Above all, we gratefully acknowledge the cooperation of the many women entrepreneurs who gave their time and interest to this project. To those who completed the surveys, participated in the focus groups, and responded to the interviews we owe our sincere thanks. Your experience and advice will help more Canadian businesswomen enter the international marketplace.



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Beyond Borders

CANADIAN BUSINESSWOMEN IN INTERNATIONAL TRADE

As Canada enters a new millennium, the role of international trade has reached an unprecedented level of importance in the strengthening of our economy. In recent years we have witnessed the signing of landmark trade agreements between our country and our key trading partners. Much policy setting, government programming, and public and private sector effort have been directed towards encouraging Canadian businesses to pursue international trade. Canadian companies have risen to the export challenge, forging into the uncharted waters of new markets.

For the first time, particular attention is being placed on the unique challenges faced by women owners of export-oriented small- and medium-sized businesses (SMEs). This report addresses the issues that confront women business owners who are actively exporting or planning to engage in global trade. The document summarizes the findings of the most extensive Canadian study on women exporters to date. It is only a first step, yet a major leap forward in our understanding of women in the international marketplace.

The size and scope of this project are firsts in the world! No other country has undertaken research on this scale to investigate the internationalization of women-owned firms. This accomplishment is the result of the commitment of project participants, sponsors, advisors and members of the research team to comprehend the needs and contributions of Canadian women business owners.

Many women entrepreneurs have shared their experiences. They have relayed their accomplishments and challenges. In addition they have offered concrete advice on how to successfully go beyond our borders.

The report serves as a flag to senior policy makers, export programming personnel, business service providers, women business owners, and other stakeholders that the barriers to trade confronting women-owned SMEs are often distinctive. At the same time it applauds the professionalism and dedication of a rapidly growing number of women entrepreneurs that are overcoming these hurdles daily in the international marketplace.

Why was this study done?

Two major trends in the Canadian economy prompted the commissioning of an independent study of women exporters.

First, the export sector has grown dramatically in recent years, offering enormous opportunity for the expansion of Canadian businesses and job growth. Exports account for 40 percent of the Canadian gross domestic product, nearly double that of a decade ago.

Second, the number of women-owned businesses continues to increase rapidly. These businesses offer a promising opportunity to increase Canadian export activity. Industry Canada reports that:

- The start-up rate of women-owned businesses is twice that of men.
- The number of women with incorporated businesses more than doubled during the last decade while the number of men with incorporated firms increased by one third.
- One third of self-employed Canadians in 1996 were women, compared with 19 percent in 1975.

Confronted with these realities it is evident that the time has come to document, analyze and understand the characteristics of, and challenges confronting,

.....The start-up rate of women-owned businesses is twice that of men.

women exporters. This study provides new information on the estimated 10,000 to 26,000 Canadian SMEs that export and that are owned by women. We are at an early stage. It is hoped that this work will provide an impetus for further research in this emerging field, and that it will guide the development of policies, measures, and activities to increase participation in foreign trade by Canadian women business owners.

Research objectives

The specific objectives of this research project were:

- to document the level of participation by women-owned SMEs in international trade;
- to identify conditions that assist the development of export business;
- to identify impediments to exporting;
- to identify the potential for export development among women-owned businesses;
- to assess the successful export strategies used by women business owners; and
- to measure the awareness of, and satisfaction with, existing public and private sector support programs that relate to export promotion.



Research methodology

The study encompassed analyses of both quantitative and qualitative data. The research was drawn from a base of over 700 Canadian businesswomen who were considered eligible for this study in that they held a leadership position in an exporting or export-ready business.

Under the terms of reference developed by Canada's Department of Foreign Affairs and International Trade (DFAIT) and the Trade Research Coalition (TRC), eligible businesses must:

- employ fewer than 500 employees;
- export or be planning to export;
- include at least one woman who:
 - holds ownership in the commercial undertaking;
 - is actively engaged in the direction of the business; and
 - has the authority to make business decisions, particularly those related to export.

The data were obtained through 254 detailed fax-back questionnaires completed by eligible women business owners, 54 in-depth telephone interviews, and exploratory focus groups held in Magog, Québec. The research team also conducted 67 consultations with experienced women exporters by means of focus group sessions in Toronto, Calgary, and Vancouver, and through telephone consultations with women business owners in the Atlantic Provinces.

The Trade Research Coalition

The Trade Research Coalition (TRC) was established by the Minister of International Trade, The Honourable Sergio Marchi, during the successful Canadian businesswomen's trade mission to Washington in November 1997. The TRC is a public/private sector grouping of private, academic and public sector experts with experience in the business community, the export arena and the public policy forum. The objectives of the TRC were twofold: to build the first, national Canadian list of women business owners that export products and services; and, to examine how, and the extent to which this market segment expands its sales into international markets.



Summary of important findings

1

Canadian women are selling their products and services all over the world.

Women-owned firms are doing business with Canada's most important trading partners. The U.S. is the dominant market where 74 percent of exporters are making sales. Sixty percent of exporters report activity in Asia and 58 percent sell in Europe. Active exporters generate close to 40 percent of their sales in foreign markets.

2

Export-oriented women-owned SMEs are committed to growth.

These women measure success in terms of financial performance, expansion of their firms, and recognition from their clients. They move into international markets in order to increase sales. Women exporters set aggressive growth targets, expecting to increase both total sales and export sales by more than 50 percent in the next two years. In addition, they plan to increase their workforce by 33 percent.

3

Women exporters are experienced managers.

Active exporters have an average of 15 years of industry experience. Over 70 percent of the women surveyed have a college or university degree. Close to 30 percent speak more than one language.

4

Women exporters want to be taken seriously.

Three quarters of business owners surveyed feel that being a woman impacts their export business. In-depth telephone interviews with 54 study participants revealed that gender affects both the export challenges faced by women and the way in which they run their businesses. A significant challenge for many of these women is their perception that the business community, both foreign and domestic, does not take them seriously enough.

5

Most women exporters enter foreign markets fairly quickly after start-up.

Thirty percent of firms began to export at business start-up. Fifty-five percent made their first foreign sale within two years of launching the business. Many women found that exporting is less complicated than first imagined, and that their firms achieved export profitability shortly after launching into foreign markets.

6

International marketing poses the greatest challenge to women exporters.

The costs of developing foreign markets, obtaining market information, and establishing effective distribution channels rank highest among the export challenges confronting women business owners.

7

International success is based on contacts, contacts, contacts.

Active exporters and export planners agree that the key to international success is making strategic contacts with potential customers and business associates through networking and personal visits to foreign markets.

8

Women-owned SMEs are overcoming the financial challenges posed by exporting.

More than half of active women exporters use personal funds and retained earnings to capitalize the firm. Short-term export financing is achieved through lines of credit, letters of credit and guarantees of receivables.

9

Women-owned SME exporters are primarily product-based firms.

Less than one in four of the companies surveyed are service-oriented. This confirms the findings of previous research that exporters are primarily focused in manufacturing, however does not reflect the higher service orientation of Canadian women business owners, in general.

10

Businesswomen have mixed views on export support services.

Survey data indicate varying levels of awareness, usage, and satisfaction with public and private sector export support programs. The study reveals a need to review export programming in order to determine its effectiveness in helping women-owned SMEs to achieve their international trade goals.



Who are Canadian women exporters?

The 254 women surveyed in this study are well educated and experienced owner-managers who are already actively exporting (64 percent) or planning to export within the year (36 percent). The largest demo-

graphic difference between the active exporters and the export planners is that the active exporters have more business experience. On average, active exporters have a greater degree of:

- experience (15 years vs. 11 years);
- export-related work experience (8 years vs. 3 years); and
- business ownership experience (9 years vs. 6 years).

Women exporters are experienced managers.

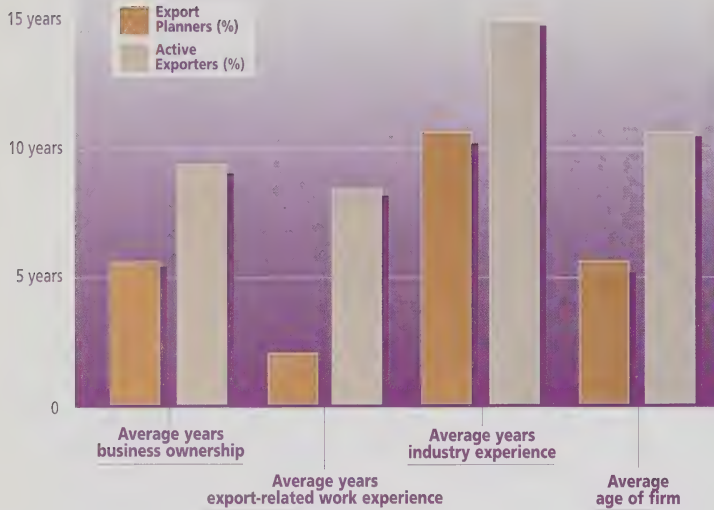
The majority of the women surveyed:

- were born in Canada (75 percent);
- do not identify themselves as a member of a minority group (93 percent);
- are highly educated;
 - 28 percent have a graduate degree;
 - 43 percent have a college or university degree;
 - 18 percent have some college or university education;
 - 9 percent completed high school.
- are unilingual (60 percent);
 - 28 percent speak 2 languages;
 - 12 percent speak 3 or more languages.
- founded their firm (88 percent);
 - purchased firm (9 percent);
 - inherited firm (3 percent).
- have never worked outside of Canada (62 percent);
- sell products (64 percent);
 - 26 percent of respondents own firms in the service sector;
 - 10 percent of respondents sell both products and services.

The average age of an exporting firm is almost twice that of firms still in the planning stage (11 years vs. 6 years). Experience gathered prior to starting a business, knowledge and business contacts are a definite asset when firms are planning to expand beyond Canada's borders.

Businesses that are already exporting are larger than those in the planning stages. Active exporters report an average annual sales volume of \$250,000 to \$500,000, while export planners achieve sales in the \$100,000 to \$250,000 range. Approximately 80 percent of all firms surveyed employ 12 or fewer people.

Length of Business Experience Active Exporters vs. Export Planners

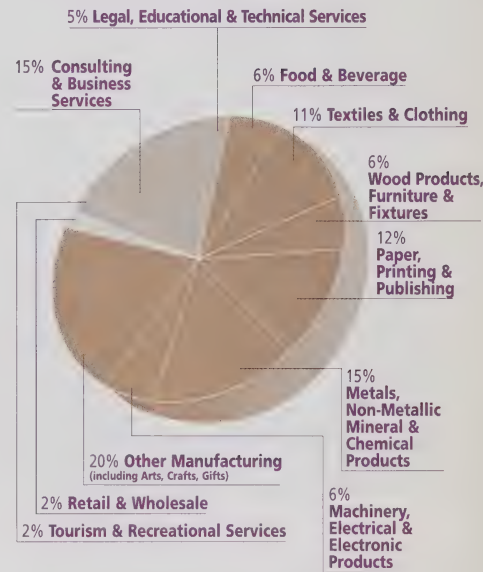


Women-owned SME exporters are primarily product-based firms.

Contrary to the national profile of women business owners in Canada, active exporters are primarily product-based firms. Less than one in four of the companies surveyed are in the service sector, while 10 percent of respondents sell both products and services. The research does, however, confirm the findings of previous studies that exporters are primarily focused in manufacturing.

What do Carole A. Proud and Julia Lyons-Wood have in common? They echoed clearly the spirit of enterprise of many of the women business owners interviewed in this study. In the words of Carole A. Proud (Belmont Rose Granite Corporation, Markham, Ontario), "I would say go for it. Go for it. Absolutely. First of all do your homework and know yourself. Realize that it is a commitment for a long, long term. Know your strengths and know that you're going to have a lot of obstacles against you. Know that wholeheartedly with all your mind and all your soul. Know your product. Do your research on your product or your services and then go for it." Julia Lyons-Wood, owner of Investigative Marketing Services in Calgary concurs. "I didn't know what I was opening myself up to legally and I was a little bit unsure about the overall taxation and tariffs ... I just sort of jumped right into it and thought, well, what the heck. Let's give it a try and see if this works."

Sectoral Distribution of Respondents



76%	Total Manufacturing
22%	Total Services
2%	Retail & Wholesale



Why are Canadian women going global?

The businesswomen surveyed are growth-oriented. They measure success in terms of financial performance (sales revenue and profit), expansion of their

Export-oriented women-owned SMEs are committed to growth.

firms, and recognition from their clients. These women are committed to building upon their success and increasing their companies' size and stature. Over the next two years they plan to:

- generate considerable increases in export sales (active exporters – 51 percent average increase; export planners – 22 percent);
- increase their total sales by 30 to 70 percent (product firms – 69 percent on average; service firms – 32 percent); and
- grow their work force by 33 percent.

With such aggressive growth goals, it is no surprise that 'increased sales' is the primary motive for exporting. Women rated the following export objectives in order of importance:

- to increase sales (4.3);
- to fulfill an opportunity presented by the private sector (3.1);
- to capitalize on previous familiarity with an export market (2.5);
- to fulfill an opportunity presented by a government service (2.5); and
- to respond to an unsolicited request for a product or service (2.3).

(objectives in decreasing order and with mean importance rating based on 1 to 5 scale where 1=not important)

In-depth telephone interviews with 54 women business owners revealed further insight into the reasons that prompt women to export. Virtually all interviewees identified one or more of the following three export stimuli:

- the wish to expand the markets for goods or services sold by their firms;
- an unsolicited bid; and
- familiarity with the target market.

Two out of three interviewees (65 percent) identify the desire to expand their markets as the primary motive for export. Twenty-three percent of respondents began to export after receiving an unsolicited request for their products. It appears as though service providers are more likely to commence export activities based on an unsolicited order than product-based firms.

Jeanne Ritter of Domino Films and Television International Ltd. in Montreal distributes films around the world. "What we want is larger contracts. Larger contracts would make us much more cost efficient, increase the exposure of our product, increase our presence in the international film market and serve to assist in the sales of our other productions as well."

Connie Deckert of Motivair Canada Limited (Ontario) explains, "with the export business that we have now, they sought us out. We did not go out looking for them."



When do they start to export?

Women-owned firms initiate exporting at an early stage of business development. The paradigm that businesses start small, grow through progressive exploitation of domestic markets, and ultimately

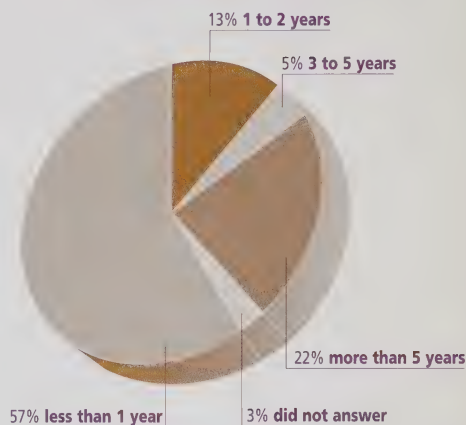
Most women exporters enter foreign markets fairly quickly after start-up.

expand internationally was not borne out by the research. Rather, Canadian women are entering foreign markets quite quickly after their businesses are established.

A business that exports does not necessarily make an immediate profit in that foreign market. Indeed, active exporters report a lag between the time they enter a foreign market and the time when sales become profitable. However, for most firms, this lag is not long. Almost 60 percent of the firms surveyed

reported that sales became profitable within a year, although 23 percent of active exporters are still waiting for export profitability after five years of international sales.

Distribution of Time Lapsed Before Exports Become Profitable



Kim Sturgess of Revolve Magnetic Bearings Inc. in Calgary regrets that "Sadly the domestic market in Canada does not seem to be one that Canadian companies crack all that easily. And so, it's almost like you have to establish yourself in the world and then you can come back [to Canada] and do work at home."

Elizabeth Creith of Hedgehog Ceramics, a Wharncliffe (Ontario) artisan and owner of Hedgehog Ceramics looks to the American market as one with 10 times the population and strong demand for her ceramic buttons. "I thought I might as well try to get into that market, as there are very few who do what I do... Since it was slow getting started in the Canadian market, I decided to hit the U.S. market and see if I could open [it] up."

- Thirty percent of interview respondents indicate that they began to export at business start-up.
- Fifty-five percent of the business owners took their first active step towards exporting (for example, gathering information on a foreign market) within two years of start-up.
- Over half (55 percent) made their first foreign sale within two years of start-up.
- The average elapsed time between the first step towards exporting and actually making a foreign sale is less than 4 months.
- There is no difference in how long it takes product-based firms and service-based firms to enter foreign markets.
- Firms enter U.S. markets, on average, one year earlier than they enter other foreign markets, reflecting the geographic and cultural proximity of the U.S.



Where are they doing business?

Women-owned firms are selling their products and services throughout the world. Consistent with Canadian trends, the dominant market is the United

Canadian women are selling their products and services all over the world.

States where 74 percent of the exporters are doing business. However, many women have taken on more distant challenges and are currently active in Asia, Europe, and Central and South America.

Where Canadian Women are Exporting

U.S.	74
Asia (including China and Japan)	60
Europe (not including U.K.)	58
Central/South America (including Mexico and Caribbean)	30
U.K.	22
Australia & New Zealand	18
Russia	10
Middle East	10
Africa	7
India & Pakistan	7

Familiarity with an export market can be derived through living and working abroad. Of the women who were born outside of Canada, 32 percent are exporting to their country of origin. Market familiarity is even more tightly linked to working abroad. Of the women who have worked outside of Canada, 64 percent export to a country in which they have worked.

Jeannette Arsenault of Cavendish Figurines Ltd. (P.E.I.) finds that cultural ties can create a demand for Canadian products. "We manufacture Anne of Green Gables figurines. If you look at what our product is and where our exports might be it has to be the U.S. and Japan. With PBS [Public Broadcasting System] playing the Anne movie every year we knew that the States was a good market. [In Japan] Anne of Green Gables is very, very popular because it has been used for years as part of the school curriculum for the Japanese people to learn English."

- Exporters generate 37 percent of their annual sales revenue in foreign markets.
- Product firms are more active than service firms (44 percent vs. 21 percent of sales revenue).
- The U.S. accounts for 25 percent of total sales of active exporters (Product firms – 27 percent and service firms – 15 percent).
- Active exporters are selling their products and services in more Canadian provinces and territories than are export planners (an average of 5 provinces vs. an average of 4 provinces).
- Product exporters sell in more Canadian provinces than do service exporters (an average of 6 provinces vs. an average of 4 provinces).

How do women reach export markets?

Women exporters use a full range of distribution channels to reach foreign markets. However, the most consistently mentioned approaches are direct

Women-owned SMEs rely primarily on direct sales and the use of agents or distributors to reach foreign markets.

exporting and the use of sales intermediaries. Reliance on these methods may reflect the small size of the firms studied or perhaps a desire to maintain control over the export process. Women exporters identified the following nine methods they use to sell to foreign markets in decreasing order of importance:

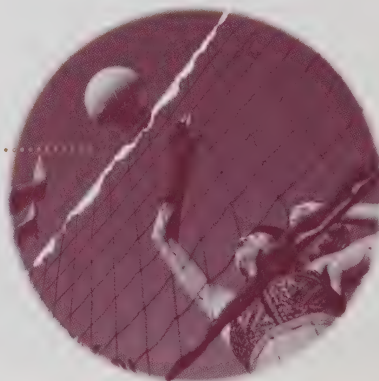
- direct export;
- indirect export (shipping goods or services through agents or distributors);
- establishing a joint venture;
- exporting indirectly through a customer;
- servicing foreign clients in Canada;
- licensing agreements;
- consignment sales;
- foreign direct investment; and
- using traders.

"We were on the world net, we advertised through trade papers, we had agents in various cities, but we found that focusing on one good distributor, was much better for everyone."

Quality-crafted saddles made by Schleese Saddlery Service Ltd. (Stouffville, Ontario) create international demand. Sabine Schleese believes that she can expand her international sales, which currently reach beyond the U.S. into the Pacific Rim, Australia, Germany and Mexico, through distributors despite the craft nature of her business. "Well we're going to be qualifying actual dealers and we want to add maybe one or two per year just to increase our exposure over the whole continental U.S.A." The only anticipated hurdle will involve keeping up with demand.

Barbara Barde of Upfront Entertainment Inc. (Toronto) is capitalizing on the opening up of the cable and digital television markets to create American and British partnerships. "Small companies don't do it [strategic alliances] and then there are the huge companies that do it all the time. I'm broadening my contacts with broadcasters. I'm looking at a joint venture with an American company. We may create a new company that we both own and then develop three or four projects [together]."

There are no significant differences between the methods used to sell to the U.S. and to other foreign markets.



How is export activity financed?

The study examined two aspects of financing for export-oriented firms. The first is the means by which women capitalize their businesses. This refers to the funds that are employed to establish the firm's infrastructure; for example, the manufacturing capacity

Women-owned SMEs are overcoming the financial challenges posed by exporting.

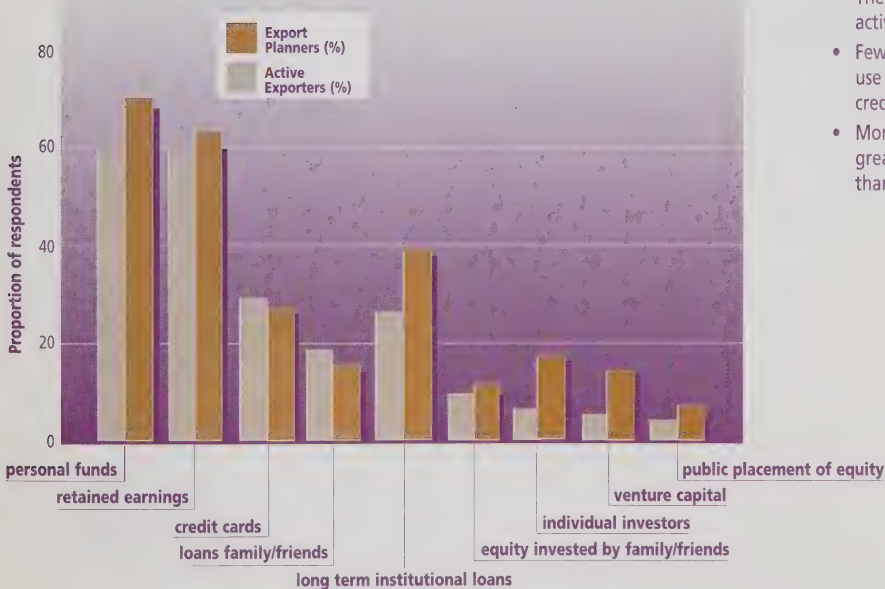
necessary to support export activity. The second aspect relates to shorter-term operational issues such as financing the cash flow during an export transaction.

Long-term sources of capital

The predominant source of long-term capital arises from within the firm itself: more than half of the active women exporters use personal funds and retained earnings. Credit cards and loans from family and friends are also used, but to a lesser extent.

Only a few firms use external sources of capital. Institutional loans are used most frequently, but by less than one-quarter of active exporters. External equity is used as a source of finance by fewer than one in ten businesses. The evidence suggests that women exporters are at least as successful as other businesses with respect to access to risk capital, however, it is clear from this research that women exporters are not resorting to outside sources for growth capital. The intended sources of capital for export planners mirror those currently used by active exporters.

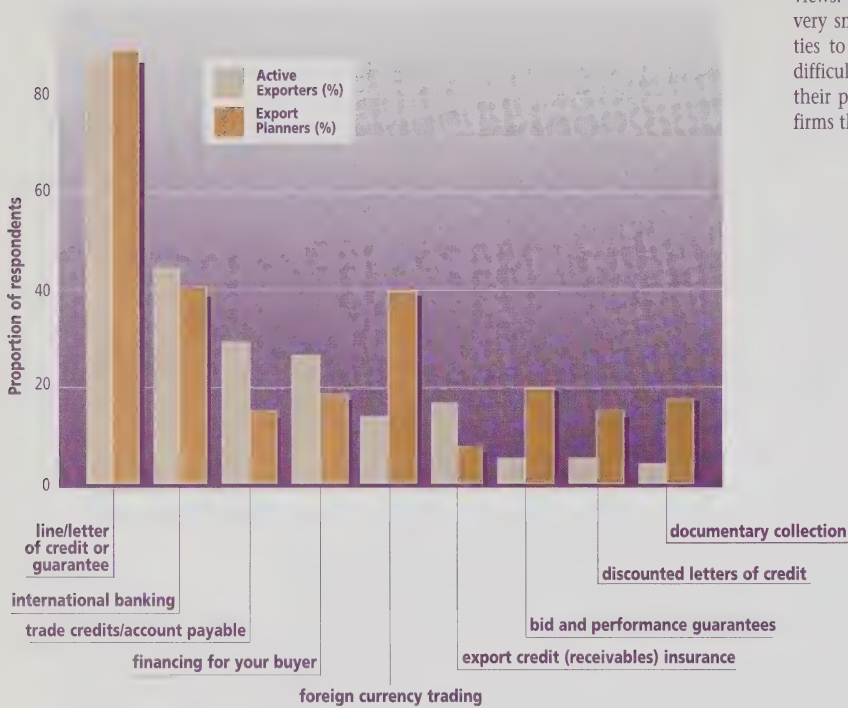
Methods of Capitalizing Export Activity (Active Exporters vs. Export Planners)



Export Financing

- By far the most frequent types of export financing for short-term cash flow requirements are lines of credit, letters of credit, and guarantees of receivables. These are used by close to half of the active exporters.
- Fewer than one in five active exporters use international banking, trade credits/account payable or buyer financing.
- More experienced exporters tend to use a greater variety of export financing methods than novice exporters.

Export Financing Used by Active Exporters/ Planned by Export Planners



Banking Relationships

A majority of the women exporters who commented on their banking relationships expressed positive views. Of the firms that offered negative comments, a very small minority attributed their banking difficulties to gender. Most of the owners who reported a difficult relationship felt that this may be based on their perception that banks are less friendly to small firms than to large ones.

"My biggest break was that the [bank] came out with a VISA small business loan [VISA Creditline] that we could apply for."

"A letter of credit is important. ... those people that are in international banking know their business... don't be afraid to ask [them] questions and take their advice because they do know what they are talking about."

What are the hurdles?

Active exporters and export planners consider international marketing to be the highest hurdle in their efforts to develop foreign markets. While personal

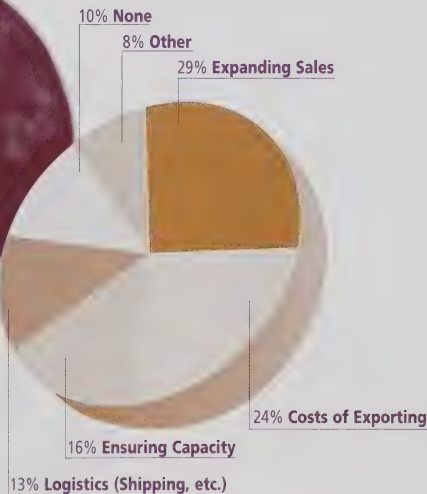
International marketing poses the greatest challenge to women exporters.

and family issues are often cited in other studies as problematic for women business owners, the research indicates that those concerns do not appear to be among the larger challenges posed by export activities.

Marketing challenges:

- the cost of developing a new market;
- obtaining foreign market information;
- setting up effective distribution channels;
- identifying and dealing with foreign government regulations; and
- finding local partners.

Major Ongoing Challenges (Among Mature Firms)



Based on in-depth interviews with 25 mature firms. Mature firms are those that have been exporting for more than three years.

Evolving Challenges

The five primary marketing issues are common to both active exporters and export planners, however, the nature of the specific challenge depends on the firm's stage of export development. It appears that mature exporters have learned to deal with many of the challenges that typically confront new exporters. Planners report inability to access export information, the sense that they may not be taken seriously, and a lack of support networks as problems. Businesses that are launching into export activity list cash flow problems, lack of market knowledge, and (for product exporters) obtaining customs duties and border information as particular challenges. Finally, mature exporters, those with at least three years of exporting experience, identify sales expansion and managing the cash flow cycle as their primary concerns. Less frequently mentioned hurdles are ensuring productive capacity and the logistics of shipping.

Both active exporters and export planners rate as less significant the following personal, as opposed to business-related, issues: family responsibilities; personal safety risks abroad; and personal health risks.

Galt Furniture Ltd., established in 1966, manufactures high quality wooden chairs. Anna Zecconi is now expanding her business by focusing on the Eastern U.S. "The biggest export hurdle has been getting goods over the border. There are so many rules and regulations, picking a customs broker, finding the person who could help you or give you the best rates, finding what classification our products are in ... information such as the proper box, that every side says "Made in Canada", that all our papers and the product are labeled, the proper number attached, [all this] so that it goes across the border. I didn't have a book, references or resources that I could use to determine if our products were duty free. My first broker gave me a number and we were paying 5% [duty]. I found out later that our products are duty free."

How women achieve success

Marketing considerations head the list of export success factors identified by active exporters.

International success is based on contacts, contacts, contacts.

Businesswomen perceive the keys to success in foreign markets to be:

- contacts;
- innovative products/services;
- access to markets; and
- access to market intelligence.

Ranking of Exporting Success Factors by Active Exporters and Export Planners

	Active Exporters		Export Planners	
	Ranking	Average Importance (1-5 scale)	Ranking	Average Importance (1-5 scale)
Most Important Success Factors				
Contacts	1	4.71	1	4.80
Innovative products/services	2	4.15	6	4.03
Access to markets	3	4.08	2	4.40
Access to market intelligence	4	3.81	3	4.16
Export financing	5	3.79	9	3.79
Innovative business strategy	6	3.60	4	4.07
Good export planning	7	3.60	7	3.83
Good match with local partner(s)	8	3.52	5	4.05
Publicity	9	3.33	7	3.83
Least Important Success Factors				
Language skills	10	3.15	13	3.18
Protection from foreign exchange risk	11	3.10	11	3.38
Professional export advice	12	3.00	10	3.72
Family support	12	2.88	12	3.33
Novelty factor	14	2.46	14	2.94

Contacts

Active exporters and export planners agree that the three most valuable sources of advice and information are:

- customers;
- business associates; and
- visits to foreign markets.

Susan Belyea, owner of Glass Roots (Kingston, Ontario) began the export development process by talking with friends and fellow artisans, the local small business development office, and the Ontario Craft Council. She followed this with several cold calls to small American galleries that carried work complimentary to her own. From there she moved on to trade shows. "The most effective means of obtaining information has been talking with friends and [contacts at] wholesale trade shows." Armed with this information she expects to achieve 25 percent growth in her export sales.



Export Strategy

Active exporters use five key business tactics to support successful exporting. Companies employing these methods have a high proportion of foreign sales and cover a wide geographic scope.

"Sometimes it's going to be something as flaky as somebody hitting the web-site and picking up the phone. That's how our contact in South Africa happened. They happened to hit our web-site. They liked what they saw and they happened to actually have a product themselves that they were looking to get into the North American market. We turned the tables on them and said, well if you're interested in that, here's something that you might want to consider."

1. **Goal Setting**

Forty-six percent of active exporters set a specific financial goal for sales revenue within a year of the first export sale. Establishing explicit goals early is valuable in enabling owners to plan and monitor the export process.

2. **Internal Integration**

Exporters reported that, on average, 40 percent of their employees spend more than half of their working hours on activities related to exporting. This proportion is higher for product-based (47 percent) than for service-based firms (27 percent).

3. **Market Diversification**

Thirty-one per cent of active exporters focus on only a few countries; 21 percent diversify across many countries; and the remainder is in between. Product-based firms tend to favour market diversification more than service-based firms do. This reflects the human aspect of service provision, one that is difficult to spread geographically.

4. **Off-shore Sourcing**

Purchasing labour and material from outside Canada can be a way to learn about foreign markets before selling into them. While purchasing foreign material is more common than purchasing foreign labour, off-shore labour sourcing can provide Canadian firms with personal contacts and a familiarity with other cultures that enable successful exporting.

5. **Product/Service Adaptation**

It may be necessary to modify certain aspects of products and services in order to satisfy local preferences and/or regulations. The most commonly adapted product features are:

- price;
- marketing and promotional programs;
- product/service characteristics; and
- distribution strategies.

What are the gender challenges?

Does being a woman limit the potential success of exporters? Do women approach exporting differently than men? In the survey, gender-related items were

Women exporters want to be taken seriously.

noted by a minority of respondents. To further explore the role that gender plays in the successful management of an exporting firm, the 54 interview participants were asked to respond to two gender-related questions. The candid discussions that flowed from these inquiries provided valuable insight into the perceptions and realities of being a woman in business. The responses also identified the situations in which women have triumphed in the face of potentially having a steeper hill to climb.

Question 1:

Do you think there is a gender-specific aspect of the export challenges you have mentioned?

- 57 percent of interviewees indicated “yes”.
- 17 percent of business owners responded “no” but also provided (an) example(s) of gender differences, or described how being a woman has had an impact on their business.
- 26 percent indicated that gender has played no role in the management challenges and practices of their firms.

Discussion highlighted the two most common gender-specific challenges as cultural differences and not being taken seriously as business owners. Cultural challenges were most often cited in the context of business transactions in Asia, the Middle East, South Africa, India and South America. However, incidents were not limited to offshore export experiences but also occurred in the domestic market.

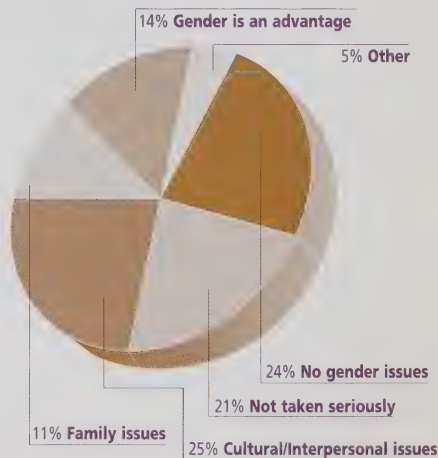
Overcoming Gender Challenges

Canadian women business owners have not allowed gender to stand in the way of export success. They have found creative ways to deal with real and potential barriers to international business. Strategies include:

- focusing on building owner credibility first;
- working with Canadian Trade Commissioners when being introduced to potential clients;
- avoiding personal or phone contact in certain countries;
- using e-mail (only) with certain customers;
- having a male employee handle selected firms;
- avoiding certain social events;
- changing business cards to indicate more clearly the owner's position; and
- “laying down the law that they will deal with me”.

Being a women business owner was perceived to be advantageous by four of the interview respondents. They cited the ability to speak with and empathize with other businesswomen, and the novelty factor as working in their favour.

Gender Issues Identified by Exporters and Export Planners



Gender Aspects of Business Ownership (Active Exporters and Export Planners)

"Do you think there is a gender-specific aspect of the export challenges you have mentioned?"

"Is there anything you have done differently because you are a woman?"

Issue	Examples cited	Issue	Examples cited
Cultural & Experiential Differences	<ul style="list-style-type: none"> • Some men who refuse to do business with women • Bravado • Lack of respect • Verifying decisions • Gender discrimination by lending institutions • Assumption that business is male-owned • Old boys' networks • Limited socializing opportunities 	Interpersonal Differences	<ul style="list-style-type: none"> • I am more likely to hire women • I am more likely to hire people I like • Networks are personal • I am more sympathetic • I take better care of employees than men do • An inability to delegate • Differing management style
Not Taken Seriously	<ul style="list-style-type: none"> • Difficulties in building credibility 	I've Worked Harder	<ul style="list-style-type: none"> • Women work harder than men do • It is harder to accomplish the same as men do
Family Issues	<ul style="list-style-type: none"> • Single parenting • Balancing family • Logistics of travel 	Family Issues	<ul style="list-style-type: none"> • Business ownership affords flexibility
Gender is An Advantage	<ul style="list-style-type: none"> • Better communicator • Can communicate with women • Being a woman is a novelty 	Travel Issues	<ul style="list-style-type: none"> • Safety concerns • I am selective in my destinations • Family obligations impact travel

Gender influenced international market selection for Lynn Leboe of Leboe and Grice Multimedia Advertising Inc. (Langley, B.C.) "I had to be comfortable as a woman in those countries to do business. I had to feel that there was a certain level of respect in those countries for women in business." Lynn believes she would be unable to function effectively as a woman business owner in the Asian environment. "I've certainly been asked on a number of occasions would I entertain going into the Asian market. I don't think I could unless I strategically partnered with someone else. There are certain countries, certain markets, where I wouldn't be able to carry on my role as president and chief executive officer."

Arlene Singroy relates her experience as the owner of a freight forwarding company, Anchor International Freight Services Inc. (Toronto). "Transportation was a man's world in 1986, when I started Anchor. There were not many women around who had freight forwarding companies. And as far as I knew, I was the only non-white, and a woman on top of that, to be involved in their world. With that, I found some of the people were negative about me in business. I knew I could do it and that's what I did. ...Now they accept me because they see that I know what I am doing and I can be just like one of them."

Question 2

Is there anything you have done differently because you are a woman?

Approximately two-thirds of the women business owners believe that gender has, in some way, impacted their business practice(s). Responses were categorized as:

- differences in interpersonal skills;
- perception that women need to work harder than men;
- perceived differences in management style;
- family issues; and
- travel.

A major finding of this research is that responses to the two interview questions were not exclusively associated with exporting. The vast majority of the responses reflect perceived gender differences in domestic and household obligations, employment in the Canadian workforce, and issues pertaining to small firm management.

Notes on the Gender Analysis

This analysis provides a snapshot of the perceptions of 54 women business owners engaged in exporting or export planning. As such, the findings are not representative of the opinions of all women business owners. Rather they represent the experiences of a relatively small, well-educated, older, more established segment of women business owners.

The analysis of the association between gender and exporting was the most complex of the study. Responses by the women business owners were diverse and rarely straight forward. The research was not designed to identify gender biases or uncover evidence of discrimination. These findings simply report women business owners' perceptions of gender influences in the the workforce, within the small business/export context, and in the family and household.

Public and private sector support programs

The awareness, usage, and satisfaction with government and private sector export support initiatives was tested in the study. The survey results, interviews, and

Businesswomen have mixed views on export support services.

focus group consultations revealed valuable insight into women's experiences with particular programs. More than one-half of the firms interviewed had used one or more public sector programs. Exporters

expressed high levels of satisfaction with the New Exporters to Border States program (NEBS), trade missions, and the following regional agencies: Atlantic Canada Opportunities Agency (ACOA), Western Economic Diversification (WD), and FedNor.

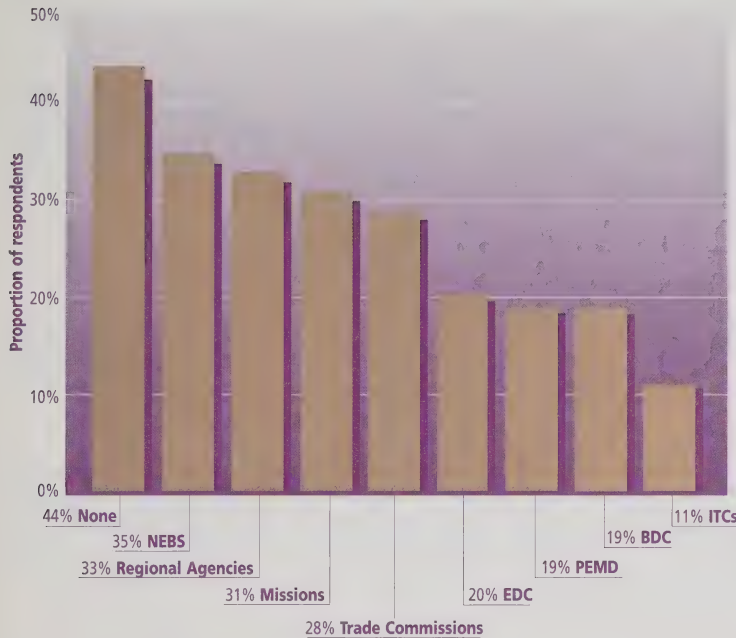
A disturbing outcome is the revelation that many women-owned firms may not qualify for important public sector support programs. The small size of many women-owned SMEs, and the fact that they begin to export quite quickly after start-up, precludes these firms from participating in the Program for Export Market Development (PEMD). PEMD guidelines indicate a requirement of two years of business activity and greater than \$250,000 in sales.

Awareness, Use of, and Satisfaction with Government Programs (254 survey respondents)

Program/ Institution	Awareness Rate	Usage Rate	Satisfaction Ranking	Satisfaction Rating (1-5 scale)
New Exporters to Border States (NEBS)	45%	14%	1	3.91
Team Canada Trade Missions	69%	19%	2	3.87
Trade Missions	66%	24%	3	3.80
Atlantic Canada				
Opportunities Agency (ACOA)	28%	9%	4	3.67
Trade Commissioner Service (TCS)	49%	22%	5	3.51
Western Economic Diversification (WD)	31%	8%	6	3.50
FedNor	14%	5%	7	3.40
Info entrepreneur (Québec)	8%	3%	8	3.33
Industry Canada's International Trade Centres (ITCs)	48%	13%	9	3.31
New Exporters Overseas (NEXOS)	19%	4%	10	3.25
Forum for International Trade Training (FITT)	26%	3%	11	3.20
Program for Export Market Development (PEMD)	50%	19%	12	3.10
Export Development Corporation (EDC)	67%	17%	13	3.07
Canadian International Development Agency (CIDA)	57%	12%	14	2.97
Canadian Commercial Corporation (CCC)	32%	4%	15	2.86
Business Development Bank of Canada (BDC)	82%	18%	16	2.74



Frequency of Program Use (54 Interview Respondents)



Trade Missions

Most business owners who have participated on trade missions report very positive experiences. Interview respondents, while indicating that they might benefit

Sector-specific trade missions are favoured over women-only missions.

from women-only trade missions, also argue in favour of sector-specific missions for all firms. It is hypothesized that there may be two distinct clienteles for trade missions: one comprised of relatively new exporters who benefit from the mentoring that characterizes women's missions; the other made up of more experienced exporters who prefer a more targeted sectoral focus.

Trade Commissioner Service

Almost 30 percent of interview respondents and several focus group participants had some experience with Canada's Trade Commissioner Service abroad. Opinions with regard to its effectiveness varied widely. Whereas some see the service as "a first stop on any trip", others expressed lower levels of satisfaction. The chief complaint related to the variability in quality of service across the world.

Industry Canada's International Trade Centres (ITCs)

The survey data revealed that the level of usage of ITCs is relatively low among women exporters.

Rachel MacDonald, the owner of The Rachel Ann Collection feels that her growth attributed to the initial exposure in an East Coast trade show and subsequent government assistance entering the Eastern U.S. market. "My product was seen at the Atlantic Craft Trade Show in Halifax where several people told me there was a big market for it in the United States. ...The New Brunswick government then asked me if I would like to go into the provincial booth at a Boston trade show. It was my first year of business and I had about a third of the product I have now, but I agreed, thinking I may not get offered this chance again. I was told by some peers, "don't be disappointed if you only get two orders." So I showed my product and, in fact, I got 22 orders. That really gave me a lot of insight into the American market, that my product was well-suited, especially to New England."



Advice from successful women exporters

Do your homework

- Investigate the regulations of exporting, such as NAFTA rules of origin
- Understand brokerage fees and customs issues
- Learn how government can assist in export activities
- Research the size and nature of the market
- Have a firm pricing strategy established before meeting potential clients

"I've made some mistakes in terms of not doing my homework well enough. [You need to] be very clear about all the expenses and costs, and make sure you are working with the best people possible so that you know your business in that country..."

Enlist the help of others

Solicit input and advice from as many sources as possible:

- Clients
- Suppliers
- Trade Commissioners
- Foreign tax revenue services
- Community economic development personnel

"...it's a very hard thing to do on your own. I work with a small consultants co-op... We have been meeting on a monthly basis to discuss strategies."

Know your markets

- Understand cultural differences
- Quote in local currency
- Start with a broad sweep of the market and then concentrate on your best prospects

"You need to understand your potential market and whether you've really got a fit".

Go for it!

- Don't be afraid, be persistent
- Take a calculated risk, but only invest as much as you can afford to lose
- Set your goals and work towards them

"Go for it. ... I think we have to be realistic in Canada and realize that our sales base here is not large."

Ensure your financial security

- Understand that exporting is a long-term investment
- Exporting requires cashflow to finance transactions
- Exporting requires strong financial management

"Expect it to cost you for the first two or three years and then you will start to see some turnaround. If you need instant cash then don't bother exporting... it's a long-term investment."

Meet customers' needs

- Understand cultural differences
- Understand what the customer is looking for
- Exceed customers' expectations

"... there are certain products that are preferred. In Japan it might be that they don't buy things in sets of four, they buy them in sets of five ..."

Know your product or service and promote it

- Understand product or service differences
- Assess the long-term viability of your product in the international marketplace

"Make sure that the product that you have is the best that it can be because it's going on to the international marketplace. So know your product, know why it's better or different. When you have faith in that then I think that it's time to go forward."

Establish your goals and define a strategy

- Consider what you wish to accomplish in life and in the export relationship
- Understand clearly the business objectives and strategy
- "Stick with it"

"I'm getting to the point where my business is self-sustaining. I'm able to delegate and hire on more staff than I ever anticipated. By the end of next year, I'm hopefully going to have a completely self-sustaining business that either somebody is going to want to buy out, or that I can bring somebody in to run."

Know your production and service capabilities

- Be ready for potential client's questions
- Ensure that you have the production capability to meet demand

"We're finally in a position where we're keeping up to our end of the bargain as far as production goes, our time, and our deliveries. The biggest problem is resisting the temptation to take more on."



Next steps

This research has revealed diverse insights into the characteristics, attitudes and actions of women owners of exporting firms. Real issues and concerns have been highlighted. Numerous success stories have been shared.

The study is a first step on the part of the Trade Research Coalition (TRC) towards its mandate of proposing recommendations, policies, measures and activities to promote export development by businesswomen. Next the TRC will gather a group of experts in the federal and provincial public sectors who have an interest in encouraging trade initiatives by SMEs and women-owned businesses. From this group, the TRC will seek responses to the research and solicit recommendations.

The TRC will seek private sector input by working with women's business organizations, primarily the Women Entrepreneurs of Canada Foundation (WEC) and Women Business Owners of Canada (WBOC), to hold cross-Canada round tables to discuss the findings of this report and to draw up recommendations for action.

Finally, the TRC will develop policy initiatives to promote exporting by businesswomen based on the outcome of private and public sector consultations and the research findings. These initiatives will be presented at the first Canada-U.S. Trade Summit to take place in May 1999 at York University in Toronto.

Those interested in participating in discussions related to the findings of this research study may contact:

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(416) 204-3366
www.cica.ca

Status of Women Canada

Status of Women Canada (SWC) is the federal government department which promotes gender equality and the full participation of all women in the economic, social, cultural and political life of the country. One of SWCs key priorities is to improve the economic autonomy of all women and self-employment is recognized as an important avenue for achieving this.

(613) 995-7835
www.swc-cfc.gc.ca

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(604) 669-3555
www.cga-canada.org

Women Entrepreneurs of Canada Foundation

WECF is a national charitable foundation established in 1996. The Foundation supports research, education, scholarships, promotion and advocacy for women entrepreneurs.

(416) 361-9065
www.wec.ca

Women Entrepreneurs of Canada

Women Entrepreneurs of Canada is a national association for established women business owners. Established in 1992, the WEC is the official Canadian chapter of Les femmes chefs d'entreprises mondiales, the world association of women entrepreneurs which represents women business owners in more than 33 countries.

(416) 361-7036
www.wec.ca

Lever Enterprises

Lever Enterprises specializes in international commercial development and finance. The company assists Canadian companies to do business internationally and foreign companies to do business in Canada.

(416) 920-5114



Trade Research Coalition

The TRC depended on the dedication, deliberation and determination of many individuals who guided the research contained in Beyond Borders. To each member of the TRC, I would like to extend my sincere gratitude for your contributions, your give and your take, as we worked together to develop a truly unique document in the history of Canadian businesswomen.

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Research Team

The Department of Foreign Affairs and International Trade and Industry Canada developed the terms of reference for this research, in cooperation with the Trade Research Coalition (TRC). The research contract was awarded to Equinox Management Consultants Ltd. (Ottawa). Equinox assembled a pan-Canadian team of researchers to investigate the questions identified by the TRC. **Dr. Barbara Orser**, President of Equinox and Adjunct Professor of Business at Carleton University, led the team.

Dr. Orser is the co-author, with Dr. Allan Riding, of *Beyond the Banks. Creative Financing for Canadian Entrepreneurs* and has received national and international awards for her research on entrepreneurial decision-making, small firm growth and financing. She is a member of several advisory boards and academic associations including the National Advisory Committee to the Canadian Bankers Association and Industry Canada's Research Advisory Committee on Entrepreneurship.

Principal research team members:

Dr. Eileen Fischer is an Associate Professor and former Associate Dean of Research at the Schulich School of Business, York University. **Dr. Rebecca Reuber** is an Associate Professor at the Joseph L. Rotman School of Management of the University of Toronto. Drs. Fischer and Reuber have co-authored numerous publications on emerging businesses and the internationalization of small firms. They are also widely regarded as having established the principles for rigorous research on gender issues in business. Both are members of the international editorial board of the *Journal of Small Business Management* and have received numerous peer-adjudicated awards for the quality of their research. Both have been recognized for their teaching excellence.

Ms. Sue Hooper (M.B.A.) is the Director of Business Programs for the Asia Pacific Foundation and is a founder and Senior Advisor to the CanAsian Businesswomen's Network (a business network that connects Canadian and Southeast Asian businesswomen). Ms. Hooper was a principal researcher of *Canadian Women Doing Business in Asia* and contributed considerable expertise in public policy, gender issues and economic development.

Dr. Allan Riding, an award winning scholar, is Professor of Finance in the School of Business, Carleton University and is a member of the international editorial board of the *Journal of Small Business Management*. He was one of three commissioned academic researchers to the McKay Task Force on the Restructuring of the Canadian Financial Services Sector and more recently an invited witness to both the parliamentary Standing Committee on Industry and the Senate Committee on Banking, Trade and Commerce.

